

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

**REDACTED**  
For Public Disclosure

UNITED STATES OF AMERICA, ) **INDICTMENT** CR 10-18 PAM/JSM  
 )  
Plaintiff, ) (18 U.S.C. § 2)  
 ) (18 U.S.C. § 982(a)(1))  
v. ) (18 U.S.C. § 1341)  
 ) (18 U.S.C. § 1343)  
1. MICHAEL ANTHONY PRIESKORN, and ) (18 U.S.C. § 1349)  
 ) (18 U.S.C. § 1957)  
2. RICHARD MATHEW LAHO, ) (28 U.S.C. § 2461(c))  
 )  
Defendants. )

THE UNITED STATES GRAND JURY CHARGES THAT:

**BACKGROUND**

1. At all relevant times, defendants Michael Prieskorn and Richard Laho were residents of the State of Minnesota.

2. In and before 2006, Prieskorn, using the business names "Blackstone Sales LLC" (hereafter "Blackstone") and/or "Maine Estates LLC" (hereafter "Maine Estates"), negotiated with builders to purchase multiple residential properties at discounted prices.

3. Prieskorn, directly and through others including Laho, a mortgage broker, solicited individuals with excellent credit histories to buy each of the residences as an "investment" property (hereinafter referred to as "investors").

4. To secure "investors," Prieskorn, Laho and others acting at Prieskorn's direction told potential "investors" that they would pay nothing for the property transaction and that Prieskorn would pay the "investor" \$5,000 for each property purchased using the "investor's" name and credit history.

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5. Prieskorn, Laho and others acting at Prieskorn's direction represented to potential "investors" that Blackstone and/or Maine Estates would maintain the property for at least nine months after it was purchased, to include making all mortgage loan and other payments for the property, and within that time, would sell the property at a profit to be retained by Prieskorn.

6. From in or about 2005 though in or about November 2006, Prieskorn with the assistance of others acting at Prieskorn's direction, convinced "investors" to purchase approximately 175 residential properties in Minnesota and Florida in this manner.

MAIL/WIRE FRAUD SCHEME

7. From in or about December 2006 through in or about April 2007, in the State and District of Minnesota and elsewhere, the defendants,

**MICHAEL ANTHONY PRIESKORN, and  
RICHARD MATHEW LAHO,**

and others known and unknown to the grand jury, each aiding and abetting the other, devised and intended to devise a scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and concealment of material facts.

8. By December 2006, Prieskorn was already responsible for maintaining numerous residential properties for "investors" and had

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monthly payment obligations for those properties of at least \$350,000.

9. In order to meet his existing financial obligations, Prieskorn, with the assistance of Laho and others acting at Prieskorn's direction, engaged in approximately 70 additional property transactions to generate fees for Prieskorn.

10. Following the closing of each of these real property transactions, Prieskorn - directly or indirectly - received a portion of each "investor's" mortgage loan proceeds, described in closing documents as "management fees."

11. These "management fees" ranged from approximately \$18,000 to approximately \$228,000 for each property and totaled more than \$5 million for the 70 properties.

12. To secure these "management fees," Prieskorn, Laho, and others acting at Prieskorn's direction enticed additional "investors" by falsely representing to potential "investors" that Blackstone and/or Maine Estates would maintain the property for at least nine months following the purchase, to include making all mortgage loan and other payments for the property, and within that time, would sell the property. In fact, Blackstone and Maine Estates could not do so because of existing financial obligations.

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13. Prieskorn, Laho and others acting at Prieskorn's direction further secured "investors," by falsely representing to potential "investors" that the mortgage loans the "investors" would obtain on the properties were risk free, such that there would be no harm to the "investor" if something went wrong.

14. Once a potential investor decided to buy a property, Prieskorn, Laho and others working at Laho's direction fraudulently assisted the "investor" to secure a mortgage loan.

15. Among other things, Prieskorn, Laho and others acting at Prieskorn's direction, temporarily deposited money into "investors'" bank accounts to falsely make it appear to potential mortgage loan lenders that the "investors" had sufficient assets to qualify for the mortgage loans they sought.

16. After the "investor's" bank had verified the money on deposit in the "investor's" bank account and prepared the "verification of deposit" for submission to the mortgage loan lender, Prieskorn, Laho, and others acting at Prieskorn's direction instructed "investors" to return the deposited money.

17. Prieskorn, Laho and others acting at Prieskorn's direction, fraudulently concealed that Prieskorn provided the funds the "investors" needed to close the transaction, thereby misleading mortgage loan lenders concerning the "investor's" true financial

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stake to the transaction because the lender believed the buyer had equity in the residence.

18. With these false representations and material omissions, Prieskorn, Laho and others acting at Prieskorn's direction enticed "investors" to purchase and mortgage loan lenders to fund the purchase of approximately 70 properties in Minnesota and Florida between December 2006 and April 2007.

19. Acting under Prieskorn's direction, "investors" falsely represented that the HUD-1 forms prepared for closing the real estate transaction accurately represented the terms of the transaction. These forms, however, falsely identified each "investor" - not Prieskorn - as the source of funds that would be used to complete the real estate transaction.

20. Following the closing of each real property transaction, these false HUD-1 forms were sent to the lender to falsely represent that the transaction had closed according to the terms of the transaction understood by the lender.

21. Despite promising "investors" that he would pay the "investors'" mortgage loan payments for a minimum of nine months, Prieskorn failed to timely pay certain mortgage loan payments for these approximately 70 properties, resulting in foreclosure proceedings against the "investors", short-sales, and significant

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damage to the "investors'" credit. In some instances, Prieskorn made no payments.

22. In August 2007, Prieskorn caused a mailing to each "investor." The mailing contained the "investor's" property file(s) and a "lulling" letter. The "lulling" letter falsely claimed that Blackstone had been acquired by "Sydney and Lloyds."

COUNTS 1-23  
(Wire Fraud)

23. The grand jury re-alleges the allegations contained in paragraphs 1 through 22, of this Indictment.

24. On or about the dates set forth below, in the State and District of Minnesota, the defendants,

**MICHAEL ANTHONY PRIESKORN, and  
RICHARD MATHEW LAHO,**

along with others known and unknown to the Grand Jury, each aiding and abetting the other, for the purpose of executing the above-described scheme and artifice, did knowingly cause to be transmitted, in interstate commerce, by means of wire communication, certain signals and sounds, as further described below:

Count	On or About Date	Wire Communication
1	January 19, 2007	Wire transfer of \$161,300.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota

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2	January 19, 2007	Wire transfer of \$137,200.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
3	February 16, 2007	Wire transfer of \$161,300.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
4	February 21, 2007	Wire transfer of \$84,023.53 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
5	February 22, 2007	Wire transfer of \$154,356.92 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
6	February 22, 2007	Wire transfer of \$84,050.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
7	February 22, 2007	Wire transfer of \$83,731.93 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
8	February 22, 2007	Wire transfer of \$114,708.41 from Maine Estates bank account in Minnesota to Xxxxx and Xxxx Xxxxx's bank account in New York
9	February 27, 2007	Wire transfer of \$228,403.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota

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10	February 27, 2007	Wire transfer of \$228,403.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
11	February 28, 2007	Wire transfer of \$129,337.32 from Maine Estates bank account in Minnesota to Xxxxx and Xxxx Xxxxx's bank account in New York
12	March 5, 2007	Wire transfer of \$228,403.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
13	March 5, 2007	Wire transfer of \$178,313.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
14	March 5, 2007	Wire transfer of \$161,300.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
15	March 5, 2007	Wire transfer of \$161,300.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
16	March 5, 2007	Wire transfer of \$161,300.00 from North American Title bank account in Florida to Maine Estates bank account in Minnesota
17	March 13, 2007	Wire transfer of \$161,300 from North American Title bank account in Florida to Maine Estates bank account in Minnesota



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18	March 14, 2007	Wire transfer of \$94,581.07 from XXXXXXXXX bank account in Minnesota to North American Title bank account in Florida
19	March 15, 2007	Wire transfer of \$94,263.00 from XXXXXXXXX bank account in Minnesota to North American Title bank account in Florida
20	March 22, 2007	Wire transfer of \$94,581.07 from North American Title bank account in Florida to Maine Estates Bank account in Minnesota
21	March 22, 2007	Wire transfer of \$94,263.00 from North American Title bank account in Florida to Maine Estates Bank account in Minnesota
22	March 22, 2007	Wire transfer of \$99,793.50 from American Investor Bank and Mortgage account in Minnesota to Benefit Title Services bank account in Florida
23	April 17, 2007	Wire transfer of \$593,605 from AAA American Realty Corp. bank account in Florida to Schmidt Real Estate Group bank account in Minnesota

all in violation of Title 18, United States Code, Section 1343 and 2.

COUNT 24  
(Mail Fraud)

25. The grand jury re-alleges the allegations contained in paragraphs 1 through 22 of this Indictment.

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26. On or about the dates set forth below, in the State and District of Minnesota, the defendants,

**MICHAEL ANTHONY PRIESKORN, and  
RICHARD MATHEW LAHO,**

along with others known and unknown to the Grand Jury, each aiding and abetting the other, for the purpose of executing the above-described scheme and artifice, did knowingly cause to be delivered by the United States mail and interstate commercial carrier, according to the direction thereon, the matter particularly set forth and described below:

Count	On or About Mailing Date	Description	Sender	Recipient
24	April 9, 2007	"Closed" package for xxxx Xxxxxx Xxxxxx, Naples, Florida	Benefit Title Services	Minnesota Lending Company

All in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT 25**

(Conspiracy to Commit Wire Fraud)

27. The grand jury re-alleges the allegations contained in paragraphs 1 through 22, of this Indictment.

28. From in or about December 2006, continuing through in or about April 2007, within the State and District of Minnesota and elsewhere, defendants,

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**MICHAEL ANTHONY PRIESKORN, and  
RICHARD LAHO,**

and others known and unknown to the grand jury, did knowingly and willfully combine, conspire, and agree with each other and other persons known and unknown to the Grand Jury to commit offenses against the United States, including:

Executing a scheme and artifice to defraud and to obtain money and property, by knowingly causing to be transmitted, in interstate commerce, by means of wire communication, certain signals and sounds, in violation of Title 18, United States Code, Section 1343.

**PURPOSE OF THE CONSPIRACY**

29. The purpose of the conspiracy was to fraudulently obtain loan proceeds by making materially false representations and promises and withholding material information about the residential property purchases orchestrated by Prieskorn, Laho and others acting on Prieskorn's behalf.

**MANNER AND MEANS**

30. As described above, the manner and means of the conspiracy included:

a. Falsely stating to "investors" that Blackstone Sales and/or Maine Estates would "manage" the "investors'" properties by maintaining them, making the mortgage loan and other payments related to the properties, and ultimately selling the properties.

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b. Falsely advising "investors" that the mortgage loans they obtained for the purchase of the properties were risk free, thereby fraudulently concealing that "investors" would be responsible for the mortgage loan payments and potentially subject to short-sales and foreclosure proceedings if Prieskorn failed to pay.

c. Concealing from mortgage loan lenders that Prieskorn temporarily deposited funds into certain "investors'" bank accounts to fraudulently induce lender approval of mortgage loans for these "investors"; and

d. Concealing from mortgage loan lenders that Prieskorn paid the down payments and closing costs for "investors'" purchase of the properties to fraudulently induce lender approval of the mortgage loan and the property transaction to which it related. All in violation Title 18, United States Code, Section 1349.

**COUNTS 26-27**

(Engaging in a Monetary Transaction)

31. The grand jury re-alleges the allegations contained in paragraphs 1 through 22, of this Indictment.

32. On or about the dates set forth below, the defendant,

**MICHAEL ANTHONY PRIESKORN,**

did knowingly engage and attempt to engage in a monetary transaction by, through, or to a financial institution, affecting

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interstate commerce, in criminally derived property of a value greater than \$10,000, as set forth below:

COUNT	ON OR ABOUT	MONETARY TRANSACTION
26	May 1, 2007	Check #30008 drawn on Maine Estates bank account xxxxxxxx3964 in the amount of \$20,000
27	May 7, 2007	Wire transfer of \$225,000.00 from Maine Estates U.S. Bank account xxxxxxxx3964 to Northern Illinois Precious Metals bank account

All in violation of Title 18, United States Code, Section 1957.

**FORFEITURE ALLEGATIONS**

The Grand Jury realleges and incorporates paragraphs 1 through 32 of the Indictment, and makes it a part of these forfeiture allegations.

As the result of the offenses alleged in Counts 1 through 25 of this Indictment, the defendants,

**MICHAEL ANTHONY PRIESKORN, and  
RICHARD MATHEW LAHO**

shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), all their rights, title and interest in any property constituting, or derived from, proceeds traceable to the violations of Title 18, United States Code, Section 1341, 1343, 1349 and 2.

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As a result of the offense alleged in Counts 26 and 27 of the Indictment, the defendant,

**MICHAEL ANTHONY PRIESKORN,**

shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), all his right, title and interest in all property, real and personal, involved in said money laundering violation and in all property traceable to such property, including the sum of money involved in Counts 26 through 27.

If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property. All in

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violation of Title 18, United States Code, Sections 2, 981(a)(1)(C), 982(a)(1), 1341, 1343, 1349, 1956(a)(1)(B)(i), 1957 and Title 28, United States Code, Section 2461(c).

A TRUE BILL

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UNITED STATES ATTORNEY

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FOREPERSON